

Message Text

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TREASURY:MR WIDMAN

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FM SECSTATE WASHDC

TO AMEMBASSY OSLO

INFO AMEMBASSY MOSCOW

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C O R R E C T E D C O P Y (OMISSION PARA 2)

E.O. 11652:GDS

TAGS: PFOR, ENRG, NO, UR, US

SUBJECT: NORWEGIAN INQUIRY CONCERNING POSSIBLE US-SOVIET
GAS DEAL

REFERENCE: OSLO 2589

1. IN MEETING WITH DEPT OFFICERS REQUESTED BY NORWEGIAN
EMBASSY ON INSTRUCTIONS FROM OSLO, SECOND SECRETARY
ULVEVADET PRESENTED FOLLOWING P.M.: QUOTE THREE AMERICAN
OIL COMPANIES - TEXAS EASTERN TRANSMISSION, TENNECO INC.,
AND BROWN & ROOT INC. - ARE CURRENTLY DISCUSSING A GAS
DEAL WITH THE AUTHORITIES OF THE SOVIET UNION IN CONNECTION

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WITH THE EXACT LOCATION OF THE PIPELINES (FROM URENGOY).

SAID COMPANIES HAVE REQUESTED - THROUGH A NORWEGIAN LAW FIRM - A MEETING WITH THE NORWEGIAN AUTHORITIES TO DISCUSS THE POSSIBILITIES OF CONSTRUCTING PORT AND LIQUEFACTION FACILITIES ON THE NORWEGIAN SIDE OF THE NORWEGIAN-SOVIET BORDER, AS AN ALTERNATIVE TO THE MURMANSK AREA. THIS REQUEST HAS BEEN SUPPORTED BY THE CHARGE D'AFFAIRES OF THE US EMBASSY IN OSLO DURING A VISIT TO THE MINISTRY OF FOREIGN AFFAIRS ON JULY 16, 1973. IN THIS CONNECTION, THE EMBASSY HAS BEEN REQUESTED TO PROVIDE THE NORWEGIAN AUTHORITIES WITH AN AMERICAN REACTION TO THE FOLLOWING QUESTIONS: (1) TO WHAT EXTENT HAVE THE US AUTHORITIES MADE A DECISION IN PRINCIPLE TO CARRY OUT SAID PROJECT IN COOPERATION WITH THE SOVIET UNION; (2) TO WHAT DEGREE ARE THE FINANCIAL ASPECTS OF THE PROJECTS CLARIFIED, AND WHICH

LEGAL STEPS HAVE BEEN TAKEN IN CONNECTION WITH THE PROJECT; (3) DO THE THREE OIL COMPANIES IN QUESTION HAVE A MANDATE FROM THE US GOVERNMENT, AND IN CASE, WHY HAVE SAID THREE COMPANIES BEEN SELECTED? IS IT POSSIBLE THAT OTHER COUNTRIES MAY BE INVOLVED AT A LATER STAGE; (4) DO THE US AUTHORITIES HAVE THEIR OWN VIEW POINTS ON THE QUESTION OF SETTING UP SAID FACILITIES IN NORWAY, OR IS THIS QUESTION CONSIDERED A PURELY COMMERCIAL ONE; (5) DO THE US AUTHORITIES KNOW THE SOVIET ATTITUDE AS TO BASING THESE FACILITIES IN NORWAY, AND ARE THE SOVIET AUTHORITIES FAMILIAR WITH THE APPROACH OF SAID COMPANIES; (6) WHAT IS THE AMERICAN OPINION ON HOW A POSSIBLE GIANT US-SOVIET PLANT ON THE KOLA PENINSULA FITS INTO THE SECURITY POLICY OF THE SOVIET UNION IN THIS AREA. THE EMBASSY IS ALSO REQUESTED TO OBTAIN ALL AVAILABLE INFORMATION ON THE GAS PIPELINE PROJECT. WASHINGTON, D.C., JULY 17, 1973 END QUOTE.

2. IN ANSWER TO NORWEGIAN QUESTIONS DEPT. OFFICERS STATED FOLLOWING: (1) AS STATED IN NIXON-BREZHNEV COMMUNIQUE, THE US ENCOURAGES AMERICAN FIRMS TO WORK OUT CONCRETE PROJECTS WHICH WILL RECEIVE SYMPATHETIC USG CONSIDERATION. WE EMPHASIZED HOWEVER, THAT PROJECTS HAVE TO STAND ON THEIR OWN MERITS; (2) DISCUSSIONS OF FINANCIAL AS WELL AS OTHER ASPECTS BETWEEN THE US CONSORTIUM AND THE SOVIET

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AUTHORITIES ARE STILL IN A PRELIMINARY STAGE AND WE MADE CLEAR THAT NO SPECIAL CORPORATION HAS BEEN QUOTE SELECTED QUOTE OR HAS A QUOTE MANDATE QUOTE FROM THE USG; (3) AFTER STATING THAT QUOTE NO LEGAL STEPS QUOTE HAVE BEEN TAKEN IN CONNECTION WITH NORTH STAR OR TAKUTSK PROJECT, WE EXPLAINED THAT USG ROLE IN PROJECT IS IN FORMATIVE STAGE BUT ALSO NOTED EVENTUAL POSSIBILITY USG ROLE IN FINANCING (EXIM) AND IN MARKETING OF GAS IN US;

(4) USG IS AWARE OF POLITICAL/MILITARY SECURITY CONSIDERATIONS IN NORTH NORWAY AND FULLY SHARES CONCERN OF GON IN THIS REGARD. WE WOULD CERTAINLY WANT TO KNOW WHAT SOVIETS AND US COMPANIES HAVE IN MIND IN NORTH NORWAY BEFORE ANY DEAL WAS MADE; (5) WE INDICATED THAT IT SEEMED LOGICAL THAT THE SOVIETS MIGHT WANT THE LIQUEFACTION (ROUGHLY ONE HALF BILLION DOLLAR PROJECT IN ITSELF) IN THEIR OWN TERRITORY AND MAY WELL LOSE INTEREST IN A PROJECT SIMPLY FURNISHING GAS TO A NORWEGIAN FACILITY.

3. COMMENT: WE HAD THE IMPRESSION FROM ULVEVADET'S COMMENTS THAT GON IS APPREHENSIVE OF POSSIBLE SECURITY CONSEQUENCES AND WANTS ASSURANCES FROM US THAT DESPITE OUR INTEREST IN EXPANDING COMMERCIAL RELATIONS WITH THE USSR, WE ARE STILL VERY MUCH AWARE OF US-NORWEGIAN INTERESTS IN THIS STRATEGICALLY IMPORTANT AND SENSITIVE AREA OF NORTH NORWAY. RUSH

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